

Message Text

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SUBJECT:TRANSATLANTIC DIALOGUE

REFS: A. STATE 148134, DTG 101752Z JUNE 78; B. STATE 148135,
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1. YOU SHOULD PASS TO THE IEPG THE FOLLOWING TEXTS OF THE
TWO PAPERS WE PROMISED AT THE LAST TAD MEETING APRIL 27 TO
CLARIFY OUR PROPOSALS ON AD HOC GROUPS 2 AND 3. YOU SHOULD
POINT OUT, AS WE DISCUSSED WITH PIERRE CHAMPENOIS HERE
JUNE 9 AND AS WE NOTED IN REF A, THAT WE DO NOT REPEAT NOT
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WANT THE PAPERS THEMSELVES TO BE THE FOCUS OF DISCUSSION
AT THE TAD MEETING JUNE 28-29. WE HAVE DISCUSSED THE
PAPERS IN DRAFT WITH THE CANADIAN EMBASSY HERE, AND ARE
FORWARDING THESE FINAL VERSIONS TO THEM TODAY.

2. BEGIN TEXT OF PAPER ON AD HOC GROUP 2:

DISCUSSION PAPER REGARDING THE AD HOC GROUP ON TRANS-
ATLANTIC RATIONALIZATION OF RESEARCH, DEVELOPMENT AND
PRODUCTION

BASIS FOR THE PROPOSAL

THERE IS CONSIDERABLE UNNECESSARY DUPLICATION IN DEFENSE EQUIPMENT EFFORTS THROUGHOUT THE ALLIANCE RESULTING IN THE INEFFICIENT USE OF ALLIANCE RESOURCES AND THE FIELDING OF INCOMPATIBLE DEFENSE SYSTEMS IN THE ALLIANCE. EXISTING BODIES HAVE IMPORTANT ROLES IN SOLVING THIS PROBLEM, BUT CANNOT BY THEMSELVES DO THE JOB:

-- THE INDEPENDENT EUROPEAN PROGRAM GROUP (IEPG) IS MOVING TOWARD THE RATIONALIZATION OF EUROPEAN DEFENSE INDUSTRY, AND TOWARD AGREEMENTS ON SPECIFIC PROGRAMS WHICH MIGHT BE THE BASIS FOR FUTURE ALLIANCE-WIDE ADOPTION. HOWEVER, NATO NEEDS SOME MEANS TO INTER-RELATE THE EUROPEAN EFFORT TO THAT IN NORTH AMERICA.

-- THE LONG-TERM DEFENSE PROGRAM (LTDP) HAS IDENTIFIED A NUMBER OF WEAPONS SYSTEMS FOR COOPERATIVE DEVELOPMENT IN THE ALLIANCE, INCLUDING SEVERAL WEAPONS FAMILY PACKAGES. THESE LTDP NEEDS ARE EXAMPLES OF NEW PROGRAMS FOR WHICH A RATIONAL TRANSATLANTIC APPROACH IS REQUIRED. CONFIDENTIAL

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-- A NATO LONG-RANGE ARMAMENTS PLANNING SYSTEM IS BEING DEVELOPED BY CNAD. THE PAPS/NAPR IS EXPECTED TO PROVIDE REQUIREMENTS INFORMATION AND OTHER INPUTS WHICH WOULD ALLOW ALLIANCE NATIONS TO IDENTIFY OPPORTUNITIES FOR COOPERATIVE PURSUITS WHERE THE EQUIPMENT NEEDS OF SOME ALLIANCE MEMBERS ARE SUFFICIENTLY SIMILAR. THE SYSTEM COULD ENCOURAGE NATIONS AND THE NATO MILITARY AUTHORITIES TO SUBMIT MILITARY EQUIPMENT NEEDS TO THE CNAD, AND TO FOCUS THE ACTIVITIES OF THE CNAD ON ESTABLISHING EARLY COOPERATIVE PROGRAMS TO MEET THESE NEEDS. A SECOND ASPECT OF THE SYSTEM WOULD DEVELOP A REPORT AND ANALYSIS PROCESS WHICH WOULD ALLOW HIGH-LEVEL NATO AND NATIONAL REVIEW OF WEAPONS PROGRAMS WITH SIGNIFICANT IMPACT ON NATO'S MILITARY EFFECTIVENESS.

-- THE MAIN ARMAMENTS GROUPS OF CNAD HAVE FACILITATED A USEFUL EXCHANGE OF DETAILED INFORMATION ON NATIONAL WEAPONS PLANS, BUT MORE PROGRESS IS NEEDED IN MOVING FROM THE EXCHANGE OF INFORMATION TO THE ACTUAL HARMONIZATION OF NATIONAL EFFORTS. THE PAPS WILL ENHANCE THE ROLE OF THESE GROUPS BY FOCUSING PART OF THEIR ACTIVITIES DIRECTLY ON MEETING PARTICULAR ALLIANCE MILITARY NEEDS.

CONCEPT FOR IMPROVING TRANSATLANTIC COOPERATION IN DEFENSE EQUIPMENT EFFORTS

AT LEAST UNTIL THE PAPS/NAPR SYSTEM IS FUNCTIONING, WE PROPOSE THAT THE TRANSATLANTIC DIALOGUE ADDRESS HOW TO DEVELOP THE DEFENSE EQUIPMENT REQUIRED TO FULFILL SOME MUTUALLY-AGREED MILITARY NEEDS. IN THE BEGINNING, THE DIALOGUE COULD ADDRESS SELECTED EQUIPMENT NEEDS SUCH AS THOSE IDENTIFIED BY THE LTDP.

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THE APPROACH WOULD BE TO EXAMINE HOW THE RESPONSIBILITY FOR DEVELOPING THE REQUIRED DEFENSE EQUIPMENT MIGHT BE EFFICIENTLY APPORTIONED BETWEEN THE IEPG AND NORTH AMERICA. THIS APPROACH WOULD BE PREMISED ON (1) EQUITABILITY IN TIME FRAME, TECHNOLOGICAL LEVELS, AND ECONOMIC AND INDUSTRIAL OPPORTUNITIES, AND (2) EFFICIENCY OF RESOURCE ALLOCATION AMONG ALLIANCE MEMBERS.

BOTH THE IEPG AND NORTH AMERICA WOULD THEN AGREE ON GROUND RULES THAT WOULD APPLY TO EACH PROGRAM. THESE RULES WOULD ADDRESS QUESTIONS SUCH AS:

-- HOW UNIQUE REQUIREMENTS WOULD BE MET.

-- SALES TERRITORIES.

-- TECHNOLOGY SHARING.

AS TO ALREADY-DEVELOPED WEAPONS SYSTEMS, WE WOULD ALSO SEE THIS FORUM AS ONE TO EXPLORE POSSIBILITIES FOR TRANSATLANTIC COPRODUCTION. THE US AND CANADA, FOR EXAMPLE, COULD INDICATE THOSE SYSTEMS WHICH WOULD BE AVAILABLE FOR COPRODUCTION, LICENSED PRODUCTION BY IEPG COUNTRIES. THE IEPG COULD THEN DETERMINE ITS INTEREST IN, AND INTERNAL ARRANGEMENTS FOR, SUCH PRODUCTION. WE BELIEVE IEPG-WIDE ARRANGEMENTS, WHERE POSSIBLE, ARE PREFERABLE TO A SERIES OF BILATERAL ARRANGEMENTS IN PROMOTING BROADER ACCEPTANCE OF THE EQUIPMENT IN THE ALLIANCE AND A MORE EFFICIENT APPROACH TOWARD ITS ACQUISITION, ALTHOUGH WE RECOGNIZE THAT BILATERAL AGREEMENTS WILL CONTINUE TO PLAY AN IMPORTANT ROLE WHERE BROADER AGREEMENT IS NOT POSSIBLE.

FUNCTIONS ENVISIONED FOR THE TAD SENIOR REPRESENTATIVES
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AND THE AD HOC GROUP ON TRANSATLANTIC RATIONALIZATION

THE TAD SENIOR REPRESENTATIVES WOULD AGREE ON WHICH EQUIPMENT AREAS ARE APPROPRIATE FOR THE TAD DISCUSSIONS ON THE ALLOCATION OF RESPONSIBILITIES FORESEEN, AND ON

THE PRINCIPLES TO BE APPLIED ON THE SPECIFIC PROGRAMS.
THE AD HOC GROUP, SUPPORTED BY APPROPRIATE EXPERTS
(E.G., AN EXISTING ARMAMENT GROUP IF APPROPRIATE),
WOULD UNDERTAKE TO PREPARE DRAFT MEMORANDA OF AGREEMENT

TO IMPLEMENT THE AGREED PRINCIPLES. SPECIFIC DEADLINES
WOULD BE SET FOR AD HOC GROUP REPORTING TO THE TAD
SENIOR REPRESENTATIVES. THE TAD SENIOR REPRESENTATIVES
WOULD ATTEMPT TO RESOLVE ISSUES RAISED BY THE AD HOC
GROUP, AND WOULD DETERMINE WHEN THE MEMORANDA OF AGREE-
MENT WERE READY TO BE SUBMITTED FOR NATIONAL APPROVALS.

SUMMARY

THE PROPOSED AD HOC GROUP AND ASSOCIATED WORK OF THE
TAD SENIOR REPRESENTATIVES WOULD PERFORM A FUNCTION
NOT DUPLICATED ELSEWHERE IN NATO. THE WORK WOULD NOT
INTERFERE WITH THE ONGOING IEPG EFFORTS, BUT RATHER
WOULD FACILITATE IEPG EFFORTS BY REMOVING UNCERTAINTIES,
PROMOTING GREATER TWO-WAY TRADE, AND
FACILITATING TECHNOLOGY TRANSFER.

END TEXT OF PAPER ON AD HOC GROUP 2.

3. BEGIN TEXT OF PAPER ON AD HOC GROUP 3:

DISCUSSION PAPER REGARDING THE AD HOC GROUP ON
INDUSTRIAL COOPERATION

BASIS FOR THE PROPOSAL

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INDUSTRY IN NORTH AMERICA AND IN EUROPE IS SEEKING
BOTH GENERAL AND PROGRAM-SPECIFIC GUIDANCE ON THE
ROLE INDUSTRY SHOULD PLAY TO HELP PROMOTE GREATER
ALLIANCE STANDARDIZATION AND INTEROPERABILITY IN
THE DEFENSE FIELD. IT IS DIFFICULT TO PROVIDE
APPROPRIATE NATIONAL GUIDANCE IN ISOLATION FROM
THE VIEWS OF THE OTHER NATIONS. A MEANS OF
COORDINATING OUR EFFORTS IS NEEDED.

THE NIAG IS A USEFUL FORUM FOR THE INDUSTRIES OF
THE ALLIANCE TO EXCHANGE VIEWS ON HOW THEY WOULD
LIKE TO PROCEED. HOWEVER, THE VIEWS OF INDUSTRY
AND THE VIEWS OF GOVERNMENT DO NOT AND SHOULD NOT
ALWAYS CONFORM.

AC-94 HAS MADE A PROMISING START TOWARD REMOVING
OBSTACLES TO CO-PRODUCTION AND LICENSING. HOWEVER,
AC-94 HAS NOT ADDRESSED ISSUES RELATED TO INDUSTRY'S
ROLE ON SPECIFIC PROGRAMS.

CONCEPT

WE ENVISION THE AD HOC GROUP ON INDUSTRIAL COOPERATION ADDRESSING BOTH GENERAL AND PROGRAM SPECIFIC APPROACHES THAT MIGHT BE ADOPTED. THE FOLLOWING ARE EXAMPLES OF ISSUES THIS GROUP MIGHT ADDRESS:

1. WHAT OBSTACLES PREVENT OR INHIBIT TRANSATLANTIC TEAMING? WHAT CAN OR SHOULD THE GOVERNMENTS DO TO REMOVE THESE OBSTACLES?

2. HOW CAN GOVERNMENTS STIMULATE TRANSATLANTIC TEAMING?

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3. ARE THERE CASES WHEN TRANSATLANTIC TEAMING SHOULD BE DISCOURAGED?

4. TO WHAT DEGREE SHOULD GOVERNMENT-TO-GOVERNMENT MOU'S PRECEDE OR GOVERN TRANSATLANTIC TEAMING ARRANGEMENTS?

5. IN THE ABSENCE OF PRIOR GOVERNMENTAL AGREEMENTS, ARE THERE ANY LIMITATIONS OR SPECIAL PROVISIONS THAT SHOULD BE APPLIED TO INDUSTRY TEAMING AGREEMENTS?

6. WHICH STEPS SHOULD BE TAKEN TO IMPROVE THE STATE OF KNOWLEDGE OF INDUSTRY ON BOTH SIDES OF THE ATLANTIC ABOUT POTENTIALLY COMPLEMENTARY TECHNOLOGIES BEING DEVELOPED ELSEWHERE?

7. WHICH STEPS SHOULD BE TAKEN TO IMPROVE IEPG INDUSTRY'S APPRECIATION OF NORTH AMERICAN REQUIREMENTS, AND NORTH AMERICAN INDUSTRY'S APPRECIATION OF IEPG REQUIREMENTS?

FUNCTION OF THE TAD SENIOR REPRESENTATIVES AND THE AD HOC GROUP ON INDUSTRIAL COOPERATION

THE TAD SENIOR REPRESENTATIVES WOULD DEFINE THE SPECIFIC ISSUES TO BE ADDRESSED BY THE AD HOC GROUP. AD HOC GROUP MEMBERSHIP COULD IN MOST CASES BE AC-94 AND/OR NIAG REPRESENTATIVES TO MINIMIZE POSSIBILITIES OF DUPLICATING THEIR WORK IN THIS FORUM.

THE FUNCTIONING OF THE AD HOC GROUP UNDER THE TAD SENIOR REPRESENTATIVES WILL BE MOST VALUABLE FOR SORTING OUT ISSUES AND MAKING RECOMMENDATIONS ASSOCIATED WITH THE "PACKAGE" PROPOSALS OF THE TRANSATLANTIC RATIONALIZATION AD HOC GROUP REGARDING
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TECHNOLOGY TRANSFER AND TRANSATLANTIC TEAMING.

SUMMARY

WE SEE THE FUNCTION PROPOSED FOR THIS GROUP AS
EXTREMELY IMPORTANT AS REGARDS THE OVERALL IEPG AND
NORTH AMERICAN OBJECTIVES FOR THE TAD. HOWEVER, IT
MAY BE POSSIBLE TO OBTAIN THE SUPPORT NEEDED THROUGH
EXPANSION OF THE TERMS OF REFERENCE FOR THE AD HOC
GROUP ON OBSTACLES AND/OR APPROPRIATE CNAD TASKING
OF AC-94 AND NIAG. THIS PROPOSAL IS IN NO WAY
INTENDED TO ALTER OR INTRUDE INTO THE BASIC ARRANGE-
MENTS BETWEEN GOVERNMENTS AND THEIR INDUSTRIES,

WHICH WE RECOGNIZE DIFFER THROUGHOUT THE ALLIANCE.
RATHER, IT WOULD EXAMINE HOW INDUSTRY-TO-INDUSTRY
COOPERATION MIGHT BE MADE CONSISTENT WITH NATO
RATIONALIZATION.

END TEXT OF PAPER ON AD HOC GROUP 3.

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